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IN THE
Supreme Court of the United States

HONEYWELL INTERNATIONAL INC.
AND HONEYWELL INTELLECTUAL PROPERTIES INC.,

Petitioners,

v.

HAMILTON SUNDSTRAND CORP.,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

PETITIONERS' REPLY BRIEF

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INTRODUCTION

The Federal Circuit's divided *en banc* decision below represents a striking expansion of the scope of prosecution history estoppel and a powerful attack on the doctrine of equivalents. By finding prosecution history estoppel in this case, where a claim limitation was never added, amended, or objected to during prosecution, the decision below drastically changes the balance between prosecution history estoppel and the doctrine of equivalents that this Court carefully struck in *Festo Corp. v. Shoketsu Kinzoku Kogyu Kabushiki Co.*, 535 U.S. 722 (2002) and *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17 (1997).

The issues of broad public importance that call out for intervention and resolution by this Court are apparent from the conflicting views surrounding the Federal Circuit's decision. The Federal Circuit made a rare *sua sponte* decision to decide the appeal below *en banc* and issued its decision over a vigorous dissent after a series of prior conflicting Federal Circuit decisions on the same issues presented. In addition, the United States in its *amicus* brief to this Court in *Festo* has made clear its position that prosecution history estoppel should not apply in the factual situation presented by this case, in direct contrast to the position adopted by the *en banc* majority below. And numerous articles published in the last four months about the Federal Circuit's opinion below have described its far-ranging consequences for patent policy, highlighting the broad public policy implications at stake.

The Federal Circuit's decision, if not revisited by this Court, will limit the permissible range of equivalents for a large percentage of issued patents and will create new forms of estoppel not authorized by the Court. Just as it did in *Festo* and *Warner-Jenkinson*, this Court should grant the petition to review a divided *en banc* decision of the Federal Circuit that seeks to impose improper burdens on the doctrine of equivalents.

ARGUMENT

I. The Decision Below Raises Broad Issues of Patent Policy by Imposing an Expansive and Unwarranted New Type of Prosecution History Estoppel.

Sundstrand's repeated assertion that this case provides a straight-forward "classic basis for estoppel" (Resp. at 6) is belied by the Federal Circuit's rare *sua sponte* decision to decide the appeal *en banc*. Moreover, Sundstrand tries to wish away the vigorous dissent by Judge Newman in which she explains that the majority's far-reaching decision poses important questions about the future of patent prosecution and patent rights. As noted by Judge Newman, the decision below "changes the law in two ways. The first way is directly contrary to statute. The second is simply another restriction on equivalency, far exceeding the holdings of the Supreme Court in *Festo* and *Warner-Jenkinson*." App. 26a.

The Federal Circuit's decision below is also at odds with the clearly stated position of the Solicitor General. The United States, in its *amicus* brief to this Court in *Festo*, cited with approval the District Court decision in this case that the rewriting of a dependent claim in independent form, even when combined with the cancellation of an independent claim, is the paradigmatic example of a claim amendment that does "not result in narrowing the claims and surrendering subject matter" and therefore should not give rise to estoppel. 2001 WL 1025650, at *16 (citing *Honeywell Int'l Inc. v. Hamilton Sundstrand Corp.*, 2001 WL 66348, at *6 (D. Del. Jan. 8, 2001) (Sleet, J.)). Sundstrand's only response is to assert, without any basis, that the Solicitor General did not understand "the full set of facts here" in staking out his position. (Resp. at 8.) This demeaning argument does not make sense and only highlights the import of the United States' position squarely in conflict with that of the majority of the Federal Circuit.

Notably, numerous trade publications have already noted the far-reaching implications of the decision below. Practitioners have bemoaned the *en banc* majority's ruling as "[a]nother nail in the doctrine of equivalents' coffin" (Sam Niece and Adrienne Young, *Another Nail in the Doctrine of Equivalents' Coffin*, Nevada Lawyer, Sept. 2004, at 23), and have predicted that, as a result of the ruling, "the costs for filing patent applications will increase dramatically. Additionally, examination of the patent application will be complex due to the many independent claims." *Id.* at 24. The *New York Law Journal* further noted that

> "[t]he Honeywell decision is likely to limit the permissible range of equivalents for thousands of issued patents that include rewritten dependent claims. Undoubtedly, many future applicants will react to the Honeywell decision by avoiding dependent claims...."

(Lewis R. Clayton, *Doctrine of Equivalents, Drug Name Confusion, Privilege*, 231 New York Law Journal 118, at p.3, col. 1 (2004); *see also* Kelly D. Talcott, *Under Seige; Federal Circuit Takes Another Swipe at Doctrine of Equivalents*, 231 New York Law Journal 114, at p.5, col. 1 (2004) ("As a result of the Honeywell decision, patent applicants now have a strong disincentive to include dependent claims in their new patent applications, and patentees have another hurdle to overcome before applying the doctrine of equivalents in infringement cases.")).

II. The Federal Circuit Erred in Holding that the Rewriting of a Dependent Claim in Independent Form, Combined with the Cancellation of the Antecedent Claim, was a Narrowing Amendment that Gives Rise to the *Festo* Presumption of Prosecution History Estoppel.

Sundstrand concedes that 35 U.S.C. § 112, ¶ 4 dictates that a claim in dependent form incorporates by reference all of the limitations of the independent claim on which it depends. (*See*

Resp. at 14.) Here, during prosecution, Honeywell merely rewrote the asserted dependent claim into independent form, and did not make any other change to the claim. In these circumstances, there was no narrowing amendment, and prosecution history estoppel should not have been applied.

Sundstrand tries to defend the decision below by incorrectly linking the facts here to the facts of *Festo*. (Resp. at 3, 6-8.) In reality, however, this case presents exactly the opposite factual situation from *Festo*, and the divided *en banc* majority's decision to apply estoppel to the facts here underscores the dramatic expansion of prosecution history estoppel. Unlike *Festo*, Honeywell never "replaced" its cancelled claims with a new claim that "added" a limitation because the asserted claim appeared, with exactly the same scope, in both the original application and the issued patent.

In *Festo*, the patentee amended an original claim with elements A, B, and C to add element D. 535 U.S. at 728. Thus, the patentee made a narrowing amendment to a preexisting claim. It was therefore fair to presume that the patentee surrendered the territory between the original claim with elements A, B, and C and the amended claim with elements A, B, C and D. *Id.* at 740.

By contrast, in this case, the claims asserted by Honeywell always contained elements A, B, C, and D. As dictated by 35 U.S.C. § 112, ¶ 4, the fact that the asserted claims were rewritten from dependent form into independent form does not change their scope. The newly independent claims claim exactly the same subject matter as the original dependent claims, and they had not been narrowed at all. Thus, neither the inlet guide vane, nor any other limitation of the disputed claims, was added when they were rewritten from dependent form into independent form at the examiner's request.[1]

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[1] Contrary to Sundstrand's contention, this Court's guidance in *Festo* should have made clear to the Federal Circuit that estoppel does not apply when a dependent claim is rewritten in independent form. (Resp. at 6.) As

Further, contrary to Sundstrand's argument, the prior Federal Circuit caselaw on this subject was hopelessly confused. Sundstrand asserts that the decision below merely follows well-established Federal Circuit precedent without breaking any new ground. This argument does not make sense on its face, given the Federal Circuit's *sua sponte* decision to address the appeal *en banc*.

Moreover, prior to the decision below, the Federal Circuit jurisprudence on the questions presented in this case has been utterly inconsistent. In numerous cases, the Federal Circuit had held that rewriting a dependent claim in independent form is not a substantive modification that changes the scope of the claim. *See Insta-Foam Prods., Inc. v. Universal Foam Sys., Inc.*, 906 F.2d 698, 703 (Fed. Cir. 1990) (declining to apply prosecution history estoppel to a claim that was rewritten in independent form after the patent examiner rejected the antecedent independent claim); *Bloom Eng'g Co., Inc. v. North Am. Mfg. Co., Inc.*, 129 F.3d 1247, 1250 (Fed. Cir. 1997) (overturning district court's holding that the rewriting of a dependent claim to independent form, with no other changes, was a substantive change); *Vermeer Mfg. Co. v. The Charles Machine Works, Inc.*, 251 F.3d 168 (Fed. Cir. 2000) ("Despite CMW's arguments to the contrary, prosecution history estoppel does not bar this claim interpretation because issued Claim 1 was never rejected and was only rewritten in independent form and amended to correct an antecedent basis problem.") (citing *Warner-Jenkinson*, 520 U.S. at 32-33); *see also Bose Corp. v. JBL, Inc.*, 274 F.3d 1354, 1359-60 (Fed. Cir. 2001) (rewriting of dependent claim in independent form as required by patent examiner did not constitute a narrowing amendment under *Festo*).

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the Court directed in *Festo*, "[i]f a § 112 amendment is truly cosmetic, then it would not narrow the patent's scope or raise an estoppel." 535 U.S. at 736-37. The rewriting of a dependent claim in independent form is the epitome of a cosmetic change that does not alter the claim's scope.

Sundstrand's attempts to explain away these cases is unpersuasive. For example, Sundstrand contends that *Insta-Foam* involved the cancellation of an independent claim that contained the limitation at issue. (Resp. at 12.) But that is of no import here, because, as this Court stated in *Festo,* the determinative issue in an estoppel analysis is whether the *amended claim*, not the cancelled claim, was narrowed. *Festo*, 535 U.S. at 736-37. *Insta-Foam*, like *Bloom*, teaches that the rewriting of a claim from dependent to independent form, with no other changes, does not change the scope of the claim. *Insta-Foam*, 906 F.2d at 703; *Bloom*, 129 F.3d at 1250.[2]

Against this backdrop, the Federal Circuit complicated matters last year by suggesting that estoppel is applicable if a broad independent claim was cancelled and replaced by a narrower dependent claim *and* the additional limitation in the rewritten claim "further defined and circumscribed an existing limitation for the purposes of putting the claims in condition for allowance." *Ranbaxy Pharm., Inc. v. Apotex, Inc.*, 350 F.3d 1235, 1240 (Fed. Cir. 2003). Likewise, in another 2003 decision, the Federal Circuit posited that estoppel would arise from rewriting a dependent claim in independent form when a brand-new claim was submitted by the patentee in response to a rejection that essentially incorporated the limitation of an original independent claim and an original dependent claim. *Deering Precision Instr. v. Vector Distribution Sys., Inc.*, 347 F.3d 1314, 1325 (Fed. Cir. 2003). Neither of these decisions governs the result on the facts presented here, since each involved added limitations or claims, not a preexisting dependent claim merely rewritten in independent form as here.

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[2] Sundstrand's reliance on the Chisum treatise (Resp. at 4) is misplaced. The treatise only states that estoppel *may* apply under certain circumstances and includes citation to at least one Federal Circuit case that reaches the opposite conclusion. 5A Chisum on Patents, § 18.05[2][a][ii], fn. 32 (citing *EMI Group N. Am., Inc. v. Intel Corp.*, 157 F.3d 887, 898 (Fed. Cir. 1998) (concluding that cancellation of broad claims, by itself, did not effect an estoppel)).

The divided *en banc* decision below has now provided the Federal Circuit's final word on the issues presented here. Thus, the fact that this Court denied certiorari in previous petitions from panel decisions such as *Deering* while the Federal Circuit continued to grapple with these issues in a series of conflicting decisions says nothing about whether this Court should address this Petition. As the Federal Circuit has now issued several conflicting panel decisions, followed by the divided *en banc* decision in this case, the time is ripe for this Court to clarify the continued vitality of the doctrine of equivalents as well as to define the appropriate limits on prosecution history estoppel.

Because the decision below applies estoppel to the amendment of a dependent claim into independent form, it will have sweeping consequences for patent prosecution practice. As predicted by the patent practitioners quoted above and by Judge Newman in her dissent, "this new rule will simply drive patent applicants away from dependent claims and away from the accepted protocol of presenting successively narrowed dependent claims for examination." App. 26a (Newman, J., dissenting). This result is contrary to the intent of Congress, which sought to encourage the use of dependent claims with reduced filing fees (*see* App. 30a), and contrary to the sound administration of patent prosecution. As Judge Newman predicted, "[t]his new rule will simply raise the cost and increase the difficulty of patent examination." App. 26a.

III. The Federal Circuit Erred in Holding that a *Festo* Presumption of Estoppel Arises Whenever a Broader Claim is Rejected and Cancelled During Prosecution and a Separate Narrower Claim Issues, Even if the Narrower Claim was Never Itself Amended During Prosecution.

This Court established in *Festo* that estoppel was only applicable when "an amendment is made to secure the patent and the amendment narrows the patent's scope." 535 U.S. at 736. The *en banc* majority below radically expanded this doctrine by holding that estoppel applies to a claim that was never subject to a narrowing amendment. App. 4a-6a, 8a-9a. Unlike *Festo* and *Warner-Jenkinson*, where narrowing claim limitations were added to a claim during patent prosecution, here the inlet guide vane limitation was never added to any claim during prosecution. *Id.* Rather, the inlet guide vane limitation appeared identically in the original dependent claims and in the issued independent claims. *Id.* The Federal Circuit's new form of estoppel is fundamentally at odds with this Court's decisions in *Festo* and *Warner-Jenkinson*.

Thus, under the decision below, any time there is a cancellation of a claim during prosecution, the claims that issued would necessarily be considered "replacement" claims and therefore would be subject to *no equivalents of any kind*. Unlike the estoppel in *Festo* and *Warner-Jenkinson*, which was defined and limited by the territory disclaimed between the *original claim* and *the amended claim*, here the estoppel is unlimited because it is dictated solely by the scope of the cancelled claim. The result is a new form of unbounded estoppel that provides "no measure of the yielded territory." App. 39a (Newman, J. dissenting).

Here, Honeywell's original application had two separate claims: one with elements A, B, and C and the other with elements A, B, C and D. When Honeywell cancelled and surrendered the claim with elements A, B, and C, Honeywell

could not have presumed that a claim that added nothing short of element D would have been patentable. All that Honeywell surrendered was a claim with elements A, B, and C with no reference whatsoever to what other limitation could have been added to make that claim patentable. Consequently, a claim with elements A, B, C and ½ D or A, B, C and D+ or A, B, C, D, X, Y, and Z might well have been patentable. There is simply no way to know because the claim was cancelled and never amended to overcome the rejection. The fact that element D existed in a separate Honeywell claim that was never amended, rejected or narrowed during the course of the prosecution history cannot provide the proper measure of the alleged disclaimed territory between the cancelled claim and some imagined claim that may have been patentable in its place. Consequently, the Federal Circuit's focus on the cancelled claim provides no meaningful measure of how much territory beyond the cancelled claim itself Honeywell can be held to have disclaimed. Instead of the measured estoppel established by this Court in *Festo* and *Warner-Jenkinson*, which leaves appropriate room for the doctrine of equivalents, the decision below produces estoppel without limit and therefore dramatically burdens any attempt by a patentee to prevent equivalent infringements.

As Judge Newman noted, the decision below "presume[s] estoppel against the entire universe of technology. That is, instead of presuming surrender of the territory between the original scope of the claimed element and the scope of that element after a claimed amendment – the rule developed in *Festo* – the court now presumes unlimited surrender when an element was not originally claimed at all and therefore presents no outer limit of surrendered territory." App. 28a. Thus, even though it was undisputed here that the accused product contained elements A, B, and C, and even though the jury found that it also contained the equivalent of element D, Honeywell's cancellation of a broader claim presumptively prevents it, under the *en banc* majority, from recovering for

infringement of a separate claim that was never itself rejected or narrowed during prosecution. This irrational result, which would obtain under the *en banc* majority's approach in every patent in which a broader claim was rejected and cancelled during prosecution, should be overturned and the doctrine of equivalents should be restored to its originally intended strength.

The decision below also disrupts the settled expectations of patent owners and the public, against this Court's admonition in *Festo*, by imposing a "new and more robust estoppel" on millions of patent owners who prosecuted their patents under the prior regime. *Festo*, 535 U.S. at 739. Patent owners who agreed to cancel rejected claims during prosecution prior to the decision below had no reason to believe that they were conceding all equivalents to all limitations in the claims that later issued. If they had, they would surely have appealed the rejection. In addition, the unbounded estoppel produced by the decision below means that patent holders who have cancelled or amended any claim during prosecution – that is, *most* patent holders -- are left wondering to which claims estoppel might apply and how far it will extend. This uncertainty is not as Congress and this Court intended.

CONCLUSION

For the foregoing reasons, the petition for a Writ of Certiorari should be granted.

Respectfully submitted,

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